

**ASCENSION-ST. JAMES AIRPORT AND
TRANSPORTATION AUTHORITY
BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 9
Government-wide Financial Statements:	
Statement of Net Position as of June 30, 2013	10
Statement of Activities for the Year Ended June 30, 2013	11
Fund Financial statements:	
Balance Sheet of Governmental Funds as of June 30, 2013	12
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position as of June 30, 2013	13
Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds for the Year Ended June 30, 2013	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities for the Year Ended June 30, 2013	15
Notes to the Financial Statements for the Year Ended June 30, 2013	16 - 24
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	25 - 26
Supplementary Information:	
Summary of Auditors' results	27
Schedule of Current Findings	27
Schedule of Prior Year Audit Findings	27
Budgetary Comparison Schedule for the Year Ended June 30, 2013	28
Notes to the Budgetary Comparison Schedule for the Year Ended June 30, 2013	29

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INDEPENDENT AUDITORS' REPORT

To the Board Members
Ascension-St. James Airport and
Transportation Authority
Gonzales, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Ascension-St. James Airport and Transportation Authority (the Authority) as of and for the year ended June 30, 2013, which collectively comprise the Authority's basic financial statements as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Ascension-St. James Airport and Transportation Authority as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Accounting principles generally accepted in the United States of America require the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013, on our consideration of Ascension-St. James Airport and Transportation Authority's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Latuso & Johnson, CPA, LLC
Baton Rouge, Louisiana
November 12, 2013

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Grant income was substantially lower than the prior year due to funds received in the prior year for the addition of an LED light system.
- Fund balance (from the "Modified Accrual" financial statements) increased by \$6,382.
- Expenses accounted for in the government-wide statement of activities decreased by 59.8% from the prior year. This was mainly related to the change in the estimated useful lives of capital assets that occurred in the prior year which resulted in an additional \$974,992 of depreciation expense. In addition, a loss on disposition of capital assets in the amount of \$116,243 was recognized in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of management's discussion and analysis (this section), the basic financial statements and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the Authority:

- The first two statements are *government-wide* financial statements that provide both long-term and short-term information about the Authority's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Authority government, reporting the Authority's operations in more detail than the government-wide statements. The *governmental funds* statements tell how the Authority's services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another and summarizes the major features of the Authority's financial statements.

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Figure A-1

Major Features of Authority's Government and Fund Financial Statements

	<u>Government-wide Statements</u>	<u>Fund Statements Governmental Funds</u>
Scope	Entire Authority government	The activities of the Authority that are not Proprietary or Fiduciary (For the purposes of these statements, it also covers the entire Authority government.)
Required financial statements	Statement of net position Statement of activities	Balance Sheet, Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/ liability financial information	All assets, liabilities, deferred inflows of resources and deferred outflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or bonds payable included
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payments are due during the year or soon thereafter.

Government-wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Authority's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Authority's net assets and how they have changed. Net position—the difference between the Authority's assets and liabilities—is one way to measure the Authority's financial health, or position.

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Table A-1

Summary of Net Position (Government Wide)

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>% Change</u>
Current & Other assets	\$ 458,287	\$ 919,195	\$(460,908)	-50.0%
Capital assets (net of depreciation)	<u>8,917,964</u>	<u>8,870,071</u>	<u>47,893</u>	<u>0.5%</u>
Total assets	<u>9,376,251</u>	<u>9,789,266</u>	<u>(413,015)</u>	<u>-4.2%</u>
Current liabilities	135,089	602,654	(467,565)	-77.6%
Long-term liabilities	<u>705,275</u>	<u>714,215</u>	<u>(8,940)</u>	<u>-1.3%</u>
Total liabilities	<u>840,364</u>	<u>1,316,869</u>	<u>(476,505)</u>	<u>-36.2%</u>
Net position:				
Invested in capital assets, net of related debt	8,202,689	8,145,856	56,833	0.7%
Restricted for debt service	135,034	128,327	6,707	5.2%
Unrestricted	<u>198,164</u>	<u>198,214</u>	<u>(50)</u>	<u>0.0%</u>
Total Net Position	<u>\$8,535,887</u>	<u>\$8,472,397</u>	<u>\$ 63,490</u>	<u>0.7%</u>

Governmental Fund

The Authority's governmental fund balance increased \$6,382 or 1.8 % in the year ended June 30, 2013 compared with a \$56,068 increase or 19.3% in the year ended June 30, 2012. (Fund balance reflects modified accrual basis accounting). The larger increase in the prior year was mainly due to revenues of \$36,289 related to a right of way agreement for an underground pipeline.

- Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the Authority you need to consider additional financial factors such as matters which affect the local economy.

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's net position increased \$63,490 in the year ended June 30, 2013 compared to a decrease of \$160,120 in the year ended June 30, 2012. (Net position reflects accrual basis accounting). The primary reason for the increase is due to the Authority receiving more grant revenue for capital projects than was expensed for depreciation of capital assets.

Table A-2

Summary and Changes in Net Position (Government Wide)

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>% Change</u>
Revenues:				
Grant income	\$ 488,871	\$1,168,655	\$(679,784)	-58.2%
Service fees	182,129	181,067	1,062	0.6%
Interest income	387	600	(213)	-35.5%
Other income	20,261	14,467	5,794	40.0%
Right of way proceeds	<u>-</u>	<u>36,289</u>	<u>(36,289)</u>	<u>-100.0%</u>
Total revenues	<u>691,648</u>	<u>1,401,078</u>	<u>(709,430)</u>	<u>-50.6%</u>
Expenses:				
Insurance	13,981	17,396	(3,415)	-19.6%
Utilities and telephone	16,852	13,011	3,841	29.5%
Payroll	41,447	37,676	3,771	10.0%
Airfield and site maintenance	30,663	36,268	(5,605)	-15.5%
Other expenses	24,634	29,727	(5,093)	-17.1%
Interest and bond issue expense	45,485	46,026	(541)	-1.2%
Depreciation	455,096	1,264,851	(809,755)	-64.0%
Loss on disposition of capital assets	<u>-</u>	<u>116,243</u>	<u>(116,243)</u>	<u>-100.0%</u>
Total expenses	<u>628,158</u>	<u>1,561,198</u>	<u>(933,040)</u>	<u>-59.8%</u>
CHANGE IN NET POSITION	63,490	(160,120)	<u>\$ 223,610</u>	<u>-139.7%</u>
BEGINNING NET POSITION	<u>8,472,397</u>	<u>8,632,517</u>		
ENDING NET POSITION	<u>\$8,535,887</u>	<u>\$ 8,472,397</u>		

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Table A-3

Changes in Authority's Fund Balance

Governmental Fund Activities				
	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>% Change</u>
Revenues:				
Charges for services	\$182,129	\$ 181,067	\$ 1,062	0.6%
Grants	488,871	1,168,655	(679,784)	-58.2%
Interest	387	600	(213)	-35.5%
Other income	20,261	14,467	5,794	40.0%
Right of way proceeds	<u>-</u>	<u>36,289</u>	<u>(36,289)</u>	<u>-100.0%</u>
Total Revenues	<u>691,648</u>	<u>1,401,078</u>	<u>(709,430)</u>	<u>-50.6%</u>
Expenses:				
Transportation	127,577	134,078	(6,501)	-4.8%
Capital outlay	502,989	1,160,782	(657,793)	-56.7%
Debt service	<u>54,700</u>	<u>50,150</u>	<u>4,550</u>	<u>9.1%</u>
Total Expenses	<u>685,266</u>	<u>1,345,010</u>	<u>(659,744)</u>	<u>-49.1%</u>
CHANGE IN FUND BALANCE	<u>\$ 6,382</u>	<u>\$ 56,068</u>	<u>\$ (49,686)</u>	<u>-88.6%</u>

General Fund Budgetary Highlights

Over the course of the year, the Authority had one revision to its budget. For the year ended June 30, 2013, actual revenues were 99.3% and actual expenditures were 96.2% of the final adopted budget.

Actual revenues in excess of expenditures on the budgetary basis of accounting was \$30,035, which was \$26,985 greater than the revised budgeted amount. This was primarily due to incurring less expenses than expected and receiving more revenue from hangar rent and tie down fees than expected.

CAPITAL ASSETS

At the end of June 2013 and 2012, the Authority had invested \$8,917,964 and \$8,870,071, respectively, in capital assets. (See Table A-4).

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Table A-4

**Authority's Capital Assets
(net of depreciation)**

Governmental Activities

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>% Change</u>
Land	\$1,193,746	\$ 1,193,746	\$ -	0.0%
Buildings	1,834,389	1,509,766	324,623	21.5%
Infrastructure	10,131,146	9,925,310	205,836	2.1%
Equipment	249,958	78,708	171,250	217.6%
Construction in Progress	419,386	618,834	(199,448)	-32.2%
Furniture	<u>9,403</u>	<u>9,403</u>	<u>-</u>	<u>0.0%</u>
Total	<u>13,838,028</u>	<u>13,335,767</u>	<u>502,261</u>	<u>3.8%</u>
Accumulated Depreciation	<u>(4,920,064)</u>	<u>(4,465,696)</u>	<u>(454,368)</u>	<u>10.2%</u>
Net	<u>\$8,917,964</u>	<u>\$ 8,870,071</u>	<u>\$ 47,893</u>	<u>0.5%</u>

LONG TERM DEBT

In July of 2006 the Authority issued Revenue Bonds; Series 2006A with total face value of \$755,000 and Series 2006B with total face value of \$15,000 bearing interest at 6%. Interest is paid on these bonds in July and January. The bonds maturing on and after July 15, 2013 are subject to redemption prior to maturity, at the option of the Authority. As to the mandatory retirement of the bonds, the Authority is required by the bond documents to redeem the Bonds on July 15 of each year.

During the year ended June 30, 2013 the amount of principal owed on the bonds decreased by 1.3% from \$750,000 to \$740,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economy is not expected to generate any significant growth. Therefore, the Authority's future revenues are expected to be consistent with the current year's. The budget for the 2013 – 2014 year is approximately the same as the year 2012 - 2013's budget for all items other than grants. Generally the grants are for specific projects or items and are not included in the operating budget.

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Janet Gonzales at Ascension-St. James Airport and Transportation Authority, 6255 Airport Industrial Boulevard, Gonzales, LA 70737.

ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 230,301
Grants receivable	66,491
Accounts receivable	445
Insurance rebate receivable	1,019
Money market funds - restricted	155,384
Prepaid maintenance	4,647
Capital assets	
Infrastructure	10,131,146
Buildings	1,834,389
Land	1,193,746
Construction in progress	419,386
Equipment	249,958
Furniture	9,403
Accumulated depreciation	(4,920,064)
Total capital assets (net of depreciation)	<u>8,917,964</u>
Total assets	<u>9,376,251</u>
LIABILITIES	
Accounts payable	3,827
Accounts payable - capital projects	83,417
Accrued expenses and benefits payable	1,888
Accrued interest payable	20,350
Deferred revenue	15,607
Current portion of certificate of indebtedness	10,000
Long-term liabilities:	
Certificate of indebtedness	730,000
Unamortized discount on indebtedness	(24,725)
Total liabilities	<u>840,364</u>
NET POSITION	
Invested in capital assets, net of related debt	8,202,689
Restricted for debt service	135,034
Unrestricted	198,164
Total net position	<u>\$ 8,535,887</u>

The accompanying notes are an integral part of these financial statements

ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
Governmental:					
TRANSPORTATION					
Airport operations	\$ 127,577	\$ 182,129	\$ 9,284	\$ 479,587	\$ 543,423
Depreciation	455,096				(455,096)
Total transportation	582,673	182,129	9,284	479,587	88,327
Interest and fiscal charges	45,485				(45,485)
Total governmental activities	\$ 628,158	\$ 182,129	\$ 9,284	\$ 479,587	\$ 42,842
General revenues:					
Miscellaneous					20,261
Interest					387
Total general revenues and special item					20,648
Change in net position					63,490
Net position - beginning					8,472,397
Net position - ending					\$ 8,535,887

The accompanying notes are an integral part of these financial statements.

ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 208,762	\$ -	\$ 21,539	\$ 230,301
Grants receivable	4,613	-	61,878	66,491
Accounts receivable	445	-	-	445
Insurance rebate receivable	1,019	-	-	1,019
Short term investments - restricted	-	155,384	-	155,384
Prepaid maintenance	4,647	-	-	4,647
Total assets	<u>219,486</u>	<u>155,384</u>	<u>83,417</u>	<u>458,287</u>
LIABILITIES AND FUND BALANCE				
Accounts payable	3,827	-	83,417	87,244
Accrued expenses and benefits payable	1,888	-	-	1,888
Deferred revenue	15,607	-	-	15,607
Total liabilities	<u>21,322</u>	<u>-</u>	<u>83,417</u>	<u>104,739</u>
Fund balance:				
Nonspendable prepaid items	4,647	-	-	4,647
Restricted for debt service	-	155,384	-	155,384
Unassigned	193,517	-	-	193,517
Total fund balance	<u>198,164</u>	<u>155,384</u>	<u>-</u>	<u>353,548</u>
Total liabilities and fund balance	<u>\$ 219,486</u>	<u>\$ 155,384</u>	<u>\$ 83,417</u>	<u>\$ 458,287</u>

The accompanying notes are an integral part of these financial statements.

ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balance for governmental funds (page 12) \$ 353,548

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Infrastructure	10,131,146	
Buildings	1,834,389	
Land	1,193,746	
Construction in Progress	419,386	
Equipment	249,958	
Furniture	9,403	
Accumulated depreciation	<u>(4,920,064)</u>	
Net capital assets		8,917,964

The bonds outstanding and related accrued interest are not due and payable in the current period and accordingly are not reported as fund liabilities.

Bonds payable	\$ (740,000)	
Accrued interest on bonds payable	(20,350)	
Unamortized bond discount	<u>24,725</u>	
Net long term liabilities		<u>(735,625)</u>

Total net position of governmental activities (page 10) \$ 8,535,887

The accompanying notes are an integral part of these financial statements.

ASCENSION - ST. JAMES AIRPORT AND
TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES				
Service fees	\$ 182,129	\$ -	\$ -	\$ 182,129
Grant income	9,284	-	479,587	488,871
Interest	387	-	-	387
Miscellaneous	20,261	-	-	20,261
Total revenues	<u>212,061</u>	<u>-</u>	<u>479,587</u>	<u>691,648</u>
EXPENDITURES				
Current:				
Transportation				
Airport management	41,447	-	-	41,447
Maintenance and repairs	30,663	-	-	30,663
Insurance	13,981	-	-	13,981
Professional fees	14,620	-	-	14,620
Utilities and telephone	16,852	-	-	16,852
Other expenses	3,489	-	-	3,489
Per diems	6,525	-	-	6,525
Capital outlay	-	-	502,989	502,989
Debt service				
Principal payment on debt	-	10,000	-	10,000
Interest on debt	-	44,700	-	44,700
Total expenditures	<u>127,577</u>	<u>54,700</u>	<u>502,989</u>	<u>685,266</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>84,484</u>	<u>(54,700)</u>	<u>(23,402)</u>	<u>6,382</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>(84,534)</u>	<u>61,132</u>	<u>23,402</u>	<u>-</u>
Total other financing sources (uses)	<u>(84,534)</u>	<u>61,132</u>	<u>23,402</u>	<u>-</u>
Net changes in fund balance	(50)	6,432	-	6,382
Fund balance - beginning	198,214	148,952	-	347,166
Fund balance - ending	<u>\$ 198,164</u>	<u>\$ 155,384</u>	<u>\$ -</u>	<u>\$ 353,548</u>

The accompanying notes are an integral part of these financial statements.

ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net change in *fund balance* - total governmental funds (page 14) \$ 6,382

The change in *net position* for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities only the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period exceeded depreciation:

Capital outlay	\$ 502,989
Depreciation expense	(455,096)
	47,893

Repayment of certificate of indebtedness is an expenditure in the governmental funds but reduces the liability in the statement of net position. 10,000

Under the modified accrual basis of accounting used in the governmental funds, net proceeds from the issuance of debt is recognized as an other financing source. In the full accrual statement of net assets, the full amount due on certificates of indebtedness is shown as a liability, which is offset by the unamortized portion of the original issue discount.

Change in accrued interest payable	275
Amortization of original issue discount	(1,060)

Change in net position of governmental activities (page 11)	\$ 63,490
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The accompanying notes are an integral part of these financial statements.

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ascension-St. James Airport and Transportation Authority (the Authority) was organized pursuant to RS 2:341 and operates a regional airport located near Gonzales, Louisiana. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of LRS 24:514 and the Louisiana Governmental Audit Guide.

The more significant of the Authority's accounting policies are described below:

A: FINANCIAL REPORTING ENTITY

The Authority was created, effective July 13, 1984 by Act 819 of the 1982 Legislative Session in the Executive Department of the state. The governor is responsible for appointing the members of the Authority, but the State's accountability for the Authority is limited to making these appointments. Therefore the Authority is not considered to be a component unit of the State of Louisiana.

The Authority serves the parishes of Ascension and St. James for airport services. The accompanying financial statements include government activities, organizations and functions for which the Authority is financially accountable.

B: BASIS FOR PRESENTATION AND ACCOUNTING

Government-wide Financial Statements: The Authority's activities generally are financed through fees for services and grants. The government-wide financial statements are reported using the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The statement of activities presents a comparison between direct expenses and program revenues for the activities of the Authority.

Governmental Fund Financial Statements: The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund balances for all major governmental funds and provide information about the Authority's activities. Current year construction projects are accounted for in the Capital Projects Fund. Funds used for the retirement of the bonds are reported in the Debt Service Fund. All other activity is reported in the general fund. Transfers between the General fund and the Debt Service fund reflect transfers of rentals of related hangars net of payment of certain construction costs.

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

B: BASIS FOR PRESENTATION AND ACCOUNTING - (CONTINUED)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and *available*. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end. Service fees and grants are subject to accrual. Grant revenue is recognized when the Authority is entitled to the funds. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures only to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

C: CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits and time deposit accounts. The Authority considers short-term (maturity of 90 days or less), highly liquid investments as cash equivalents. Under state law, the Authority may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana Law and national banks having their principal offices in Louisiana.

D: RESTRICTED INVESTMENTS

The Authority holds its funds restricted for servicing of bonds in Bank of New York Mellon Treasury money market funds. The investments are valued at fair market value, based on observable market data. The fair market value approximates cost.

E: CAPITAL ASSETS

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Authority maintains a threshold level of \$500 or more for capitalizing capital assets.

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

E: CAPITAL ASSETS - (CONTINUED)

Capital assets are recorded at cost in the statement of net assets. Capital asset acquisition costs are reflected as expenditures in governmental funds. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for a nominal amount, no salvage value is taken into consideration for depreciation purposes. Useful lives were estimated as follows:

Equipment	5 - 30
Furniture	7
Buildings	7 - 40
Infrastructure - runway, surface layer	20
Infrastructure - other	7 - 40

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

F: BUDGET PRACTICES

The proposed budget for the year ended June 30, 2013 was made available for public inspection on June 27, 2012. The proposed budget was published in the official journal 19 days prior to the public hearing, which was held at the terminal building for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board members. There was one amendment during the year.

The accompanying Budgetary Comparison Schedule on page 28 presents comparisons of the legally adopted budget with actual results. The final budget was prepared on the cash basis of accounting. Because accounting principles applied for purposes of developing data on a budgetary basis differs significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective, and entity differences for the year ended June 30, 2013 is presented.

All expenditure appropriations lapse at year-end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Encumbrance accounting is not used. However the budget is integrated into the accounting records which allows monthly comparison of budget and actual amounts. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

G: USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H: LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds consist of 6% bonds issued in July 2006.

I: FUND EQUITY

The Authority has implemented the provisions of Governmental Accounting Standards Board Statement No. 54, which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2013, the Authority's nonspendable fund balance totaled \$4,647.

Restricted – Amounts that can be spent only for specific purposes because of the state or federal laws, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. As of June 30, 2013, the Authority's restricted fund balance totaled \$155,384.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of the Authority. The Board is the highest level of decision-making authority for the Authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This formal action is the adoption of a resolution by the Board. As of June 30, 2013, the Authority did not have any committed fund balances.

Assigned – Amounts that are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intended use is expressed by the Board who has the authority to assign amounts to be used for specific purposes. As of June 30, 2013, the Authority did not have any assigned fund balances.

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

I: FUND EQUITY - (CONTINUED)

Unassigned— All amounts not included in other spendable classifications. Unassigned fund balances are the residual classification for the Authority's General fund. As of June 30, 2013, the Authority's unassigned fund balance totaled \$193,517.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

J: SERVICE FEES

Service fees include hangar, office and tie down rentals as well as fuel commissions and miscellaneous revenues. These are accounted for in the Authority's Statement of Activities as program revenues.

K: DEFERRED REVENUE

Income from hangar rentals and tie down fees is deferred and recognized over the periods to which the dues and fees relate.

L: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued expenses approximate carrying value, principally because of the short maturity of those items.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2013 the Authority's cash and cash equivalents:

**BOOK
BALANCE**

\$230,301

**BANK
BALANCE**

\$235,106

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS - (CONTINUED)

Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these bank balances. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. These deposits are secured from risk by federal deposit insurance of \$250,000 and approximately \$57,000 of pledged securities held by the trust department of the fiscal agent bank. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the trust department of the fiscal agent bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - SHORT TERM INVESTMENTS – RESTRICTED

In July of 2006, bonds in the amount of \$770,000 bearing the interest rate of 6% were issued. As required by the bond document, certain treasury securities are held at the trustee bank for the payment of principal and interest on the retirement of these bonds. The balance of these investments at June 30, 2013 was \$155,384. Accordingly, that amount of the fund balance and net position, less any accrued interest payable, is accounted for in the accompanying statements as restricted.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2013 were as follows:

Grants receivable	\$66,491
Hangar and tie down rentals	\$ 445

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 5 - CAPITAL ASSETS

A summary of changes in general fixed assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Equipment	\$ 78,708	\$ -	\$ (728)	\$171,978	\$ 249,958
Furniture	9,403	-	-	-	9,403
Buildings	1,509,766	-	-	324,623	1,834,389
Infrastructure	9,925,310	1,599	-	204,237	10,131,146
Land	1,193,746	-	-	-	1,193,746
Construction in Progress	618,834	501,390	-	(700,838)	419,386
Accumulated Depreciation	<u>(4,465,696)</u>	<u>(455,096)</u>	<u>728</u>	<u>-</u>	<u>(4,920,064)</u>
TOTALS:	<u>\$ 8,870,071</u>	<u>\$ 47,893</u>	<u>\$(-)</u>	<u>\$ -</u>	<u>\$ 8,917,964</u>

Depreciation expense recorded for the year ended June 30, 2013 was \$455,096.

NOTE 6 - LONG-TERM OBLIGATIONS

The long term obligation outstanding at June 30, 2013 is as a result of the issuance of Revenue Bonds totaling \$770,000 in July 2006. The bonds bear an interest rate of 6%. Interest on the bonds are payable in semi annual payments in January and July of each year. The next principle reduction is scheduled for July 15, 2013 in the amount of \$10,000. The bonds maturing on and after July 15, 2013 are subject to redemption prior to maturity, at the option of the Authority.

The following is a summary of the long-term obligation transactions and balances during the year:

Balance at June 30, 2012	\$750,000
Repayments	<u>10,000</u>
Balance at June 30, 2013	740,000
Less current maturities	<u>10,000</u>
Long-Term portion	<u>\$730,000</u>

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 6 - LONG-TERM OBLIGATIONS - (CONTINUED)

The annual principal and interest payments on the long-term obligations outstanding at June 30, 2013 are as follows:

<u>YEAR ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
June 30		
2014	\$ 10,000	\$ 44,400
2015	10,000	43,800
2016	10,000	43,200
2017	10,000	42,600
2018	10,000	42,000
Thereafter	690,000	504,600

The original par value on the bonds totaled \$770,000. Proceeds from the bonds were \$737,136. The difference of \$32,864 was recorded as a discount on the issuance of the bond. This difference is amortized as interest over the life of the bonds. During the year ended June 30, 2013, \$45,485 of interest was recognized as current period interest expense, which included \$1,060 of bond amortization.

The revenue from renting the hangars built using the funds from the bond issue is pledged to repay the bonds.

NOTE 7 - RELATED PARTY TRANSACTIONS

Per diems totaling \$6,525 were paid during the year ended June 30, 2013 to the Authority's 8 members as follows:

Doyle M. Philippe	\$900	Jared Amato	\$750
George Rodcillat	\$900	Calvin Narcisse	\$825
Robert Jackson	\$750	Roger Keese	\$825
James Mitchell	\$825	Lenny Johnson	\$750

With Board approval, per diem for Lenny Johnson was relinquished in favor of the Louisiana Wing Civil Air Patrol (\$750) and per diem for Doyle M. Phillippe was relinquished in favor of Pilots for Patients (\$900).

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 8 - SUBSEQUENT EVENTS

During September 2013, the Authority signed an agreement with the Federal Aviation Administration (FAA) to fund a project to extend the runway and associated taxiway with a contribution not to exceed \$3,423,643. The FAA agreed to fund 90% of the project, with the remaining 10% to be received from the Louisiana Department of Transportation and Development (DOTD). A grant from the DOTD for \$380,405 was approved in November 2013.

Management of the Authority has evaluated all subsequent events through November 12, 2013, the date the financial statements were available to be issued. No additional disclosures are considered necessary.

Latuso and Johnson CPA, LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board Members
Ascension-St. James Airport
Transportation Authority
Gonzales, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issues by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Ascension-St. James Airport and Transportation Authority (the Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control described in the accompanying schedule of findings, that we consider to be a significant deficiency in internal control as indicated by findings 2013-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Latuso + Johnson CPA, LLC

Baton Rouge, Louisiana
November 12, 2013

ASCENSION-ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Ascension-St. James Airport and Transportation Authority.
2. One significant deficiency was disclosed during the audit of the financial statements and is included in this report.
3. No management letter was issued.

SECTION II- SCHEDULE OF CURRENT FINDINGS

2013-1 FINANCIAL STATEMENT PREPARATION

Finding: The Authority relies on its auditor to assist in the preparation of the external financial statements and related disclosures. Under U.S. generally accepted auditing standards, the Authority's auditors cannot be considered part of the Authority's internal control structure; however, design of the internal control structure does not otherwise include procedures to prepare external financial statements and related disclosures in conformity with U.S. generally accepted accounting principles.

Recommendation: Since the Authority is satisfied with using its auditing firm to prepare the external financial statements, no change is recommended. However, this matter will continue to be reported.

Management's corrective action plan: Management understands that this finding results from professional standards that have been adopted by the accounting profession. The Authority generates financial information needed to effectively manage and plan operations in a timely manner and does not consider their current situation to be deficient. However, management will review the resources necessary to prepare financial statements in accordance with generally accepted accounting principles, with full footnote disclosures, to determine if it would represent responsible stewardship.

SECTION III - SCHEDULE OF PRIOR YEAR FINDINGS

2012-1 FINANCIAL STATEMENT PREPARATION

Finding: See finding 2013-1.

Action Taken: None

ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
Non GAAP Basis
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual Budgetary Basis	Variances with Final Budget Positive (Negative)
REVENUES				
Hangar rent and tie down fees	\$ 175,080	\$ 175,300	\$ 187,103	\$ 11,803
Fuel commissions	8,000	8,300	8,522	222
Land lease	6,000	6,000	6,094	94
Office rental	4,200	4,200	4,200	-
Interest	500	350	387	37
DOTD Maintenance Reimbursement	4,900	11,450	11,474	24
Grants	649,915	858,900	837,808	(21,092)
Miscellaneous	-	-	1,593	1,593
Total revenues	<u>848,595</u>	<u>1,064,500</u>	<u>1,057,181</u>	<u>(7,319)</u>
EXPENDITURES				
Current:				
Transportation				
Per diem	8,100	6,750	6,525	(225)
Management salary and related taxes	41,500	41,500	40,431	(1,069)
Professional fees	15,000	15,000	14,460	(540)
Utilities and telephone	14,000	16,700	16,678	(22)
Maintenance	39,240	30,600	29,037	(1,563)
Office supplies	2,000	2,000	1,579	(421)
Insurance	18,000	15,000	15,000	-
Seminars & meetings	3,000	2,300	1,350	(950)
Other expenses	-	-	758	758
Capital outlay	<u>694,915</u>	<u>874,300</u>	<u>840,196</u>	<u>(34,104)</u>
Total expenditures	<u>835,755</u>	<u>1,004,150</u>	<u>966,014</u>	<u>(38,136)</u>
Excess of revenues over expenditures	<u>12,840</u>	<u>60,350</u>	<u>91,167</u>	<u>30,817</u>
OTHER FINANCING USES				
Transfers out	<u>(57,840)</u>	<u>(57,300)</u>	<u>(61,132)</u>	<u>(3,832)</u>
Total other financing uses	<u>(57,840)</u>	<u>(57,300)</u>	<u>(61,132)</u>	<u>(3,832)</u>
Net change in fund balance	(45,000)	3,050	30,035	26,985
Fund balance - beginning	198,214	198,214	198,214	-
Fund balance - end	<u>\$ 153,214</u>	<u>\$ 201,264</u>	<u>\$ 228,249</u>	<u>\$ 26,985</u>

See independent auditors' report

ASCENSION - ST. JAMES AIRPORT AND
TRANSPORTATION AUTHORITY
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

Note A - Explanation of Differences between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures

<u>Budgetary Funds</u>	<u>General Operating Fund</u>	
<u>Financial Statement Major Funds</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>
Revenues:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 1,057,181	\$ -
Adjustments		
To adjust for increase (decrease) in accrued income		
Service fees	(5,122)	
Grant income	(358,221)	
DOTD maintenance reimbursement	(2,190)	
Reclassifications		
Budgetary general operating fund revenues are reclassified to the capital projects fund for GAAP reporting	(479,587)	479,587
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 212,061</u>	<u>\$ 479,587</u>
Expenditures:		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	\$ 966,014	\$ -
Adjustments		
To adjust for increase (decrease) in accrued expenditures		
Transportation	1,759	
Capital outlay	(337,207)	
Reclassifications		
Budgetary general operating fund expenditures are reclassified to the capital projects fund for GAAP reporting	(502,989)	502,989
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 127,577</u>	<u>\$ 502,989</u>

See independent auditors' report